

- Draft -
2006 STIP Kickoff Meeting Agenda
February 8, 10:30 – 12:00
Statewide Video Teleconference

Purpose: To share current information relevant to the 2006 STIP development and to highlight schedule, actions, products and expectations for development of the ITIP and STIP.

Welcome & Introductions (5 Min)

2004 STIP Recap (15 Min)

- Program level premised upon assumptions within the 2004 STIP Fund Estimate.
- Net zero STIP. All projects delayed an average of 2.5 years.
- GARVEE – December notice for six projects. Lack of state match placed Garvee on indefinite hold.

Funding Issues Since 2004 FE Adoption necessitating an Allocation Plan:

- State Operation Expense authorized higher than assumed in FE
- Reduce Federal Collections (limitations of apportionments, OA)
- Suspension of TIF (again)
- Ethanol Fix (a good thing), assumed to not happen in the FE, may provide some relief starting in FY 2005/06.
- Result is the Allocation Plan approved by the CTC in January

Overview 2006 STIP Development Schedule of Events (5 Min)

- See Attached “Tentative 2006 STIP Schedule”

2006 Fund Estimate Outlook and Issues (20 Min)

- See Attached “2006 STIP Programming” Discussion

STIP/ITIP Programming Scenarios & Project Prioritization (20 Min)

- See Attached “2006 STIP Programming” Discussion

Project Financial Plans (10 Min)

- Due to HQ Project Management by February 16.
- Used for 2006 ITIP development.

STIP ITIP TEA Programming Guidelines (5 Min)

- Roles and responsibilities, selection criteria, and general direction.
- Should be distributed by mid February.

Wrap-up (5 Min)

- Will be scheduling meetings with individual districts through April.

TENTATIVE 2006 STIP/ITIP SCHEDULE

January 2005

Initial meetings (video conferences) with the district to review ITIP projects.

February through April, 2005

Schedule meetings in the Districts (Districts to invite regions) to share information and discuss 2006 project priorities.

April/May 2005

2006 STIP Website online including:

- Updated project Fact & Funding Sheets based on existing CTIPS data.
- Updated Fund Estimate information.
- Other policies and information as becomes available.

July 2005

Draft 2006 Fund Estimate Submitted to the CTC

Begin submitting applications for ITIP TE candidates

August 2005

CTC adopts the 2006 Fund Estimate

District Project Candidate List due to HQ

PSR's due for ITIP candidates

Final applications due for ITIP TE candidates

September 2005

Draft ITIP Straw Proposal

December 15, 2005

Final ITIP and RTIP's submittals due to the CTC

January - February 2006

CTC conducts North and South STIP Hearings

March 12, 2006

CTC STIP Staff Recommendations on 2006 STIP candidates

April 1, 2006

CTC adopts the 2006 STIP

2006 STIP Programming Discussion Paper (Draft)
Plan for the Best, Prepare for the Worst

“California’s transportation program is in crisis and on the verge of collapse.”

- 2004 Annual Report to the California Legislature, California Transportation Commission, December 9, 2004

The above quote plainly describes the situation before us today. Neither the state nor federal gas tax has increased in over fifteen years, while the effects of inflation have eroded its purchasing power. Today, departmental operations, local subventions, and the SHOPP currently consume most of this fund source. Funding for the STIP is increasingly dependent upon sales tax revenues. Of the \$5.4 billion programmed in the 2004 STIP, about \$4.0 billion (75%) was scheduled to come from sales tax revenues - \$3.3 billion from Proposition 42 transfers (including payback of past loans) and \$0.7 billion to the PTA. With only 25% of the STIP now funded with fuel tax revenues, the implications are clear.

2006 STIP Fund Estimate Issues

- Fund Estimate still scheduled for August 2005. No delay being discussed.
- Revenue assumptions are the biggest question.
- Proposition 42 funds, since approved, have always been transferred in the General Fund.
- Proposition 42 funds are again proposed for transfer to General Fund in FY 2005/06.
- Gaming bonds, intended to account for past transfers - in legal limbo.
- Declining value of the state/federal gas tax and future funding level of the SHOPP.
- Discussion now centering about a two tiered Fund Estimate with two tiered RTIP/ITIP.

Two hypothetical funding tiers are outlined below. While neither may come to pass, they serve well for discussion and priority planning into the next few months.

Future Outlook - Possible Tier 1

The continued diversion of Proposition 42 funds to the General Fund cause the CTC to assume that none of these revenues will be available within the 2006 STIP programming period. The result is that about \$3.6 billion dollars, roughly half of the funding for the STIP, is lost.

What needs to Happen?

- Prepare for the worst. Cull and prioritize projects to within half of existing funding.
- Review current delivery plans, revise schedules and costs consistent with COS resources and current conditions.
- New programming. Extremely difficult to add new projects to the STIP (except TE).
- Support only work. Policy Issue: We could easily abandon all support only in favor of fully funded work, but is this shortsighted? Need to identify funding strategies for any (new or existing) support only projects.

Future Outlook - Possible Tier 2

Some of the proposition 42 funds make their way into the STIP. There will be just enough programming capacity to fund the unallocated remainder of the 2004 STIP, maybe a little more.

What needs to happen?

- Plan for the Best. If there is some funding, we may be looking for some PSR’s.
- Or; Policy issue: Commitment to ongoing programmed projects....
- Much like the 2004 STIP cycle, most projects will simply be deferred into the future where funding is anticipated.
- Review current delivery plans, revise schedules and costs consistent with COS resources and current conditions.